

INFORMATION REPORT

CD NO.

25X1

COUNTRY: China

DATE DISTR 31 MAY 51

SUBJECT Miscellaneous Comments on North China
Economic Situation

NO. OF PAGES 3

PLACE
ACQUIRED

NO. OF ENCLS.
(LISTED BELOW)

DATE OF INFO.

SUPPLEMENT TO
REPORT NO. 25X1

North China

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE ACT, 50 U.S.C. 32 AND 32A, AND OR, AS REMOVED, THE TRANSMISSION OR THE REVELATION OF ITS CONTENT IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS DATA IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

25X1

2. Taxes. Industrial and commercial firms holding business licenses are required to pay the industrial and commercial tax, the income tax, and the commodity tax. The industrial and commercial tax is levied in the following manner: the Administration of Industry and Commerce allocates to each category of business a certain quota of the tax for which it is responsible; then the officials of the Trade Association assign to each member the exact amount for which he is responsible.* The income tax is levied at a flat rate of 15 percent on the income earned which is computed as the total value of cash assets and stock in a commercial or an industrial concern (calculated at the prevailing market rate) minus cost. The commodity tax is payable when any product is shipped from the factory or when imported cargo reaches the consignee. The industrial and commercial tax and the income tax must be declared each month, although collections are made on a seasonal basis. Persons who do not hold business licenses are known as traveling merchants. They must register and provide guarantees for the issuance of traveling merchants' licenses and are required to pay a traveling merchant's tax for each transaction which they conclude. This tax is computed at the rate of five percent of the selling price of the commodity.
3. Government Bonds. No new government bonds have been floated recently.
4. Other Levies. Ordinarily levies include the real estate ownership levy, the house tax, the land levy, sanitation charges, the entertainment levy (the minimum taxable amount is JYP 30,000), food levy (minimum taxable amount is JYP 10,000), license levy, and the stamp tax. All of these are imposed by express provisions of law. In addition, there are also contributions such as the Anti-America and Aid Korea contributions and investment in the North China and South China Investment Company. These contributions and investments are voluntary but in practice they can be raised only by compelling people to pay.
5. Customs. Methods employed for calculating customs duties are essentially the same as those used under the Kuomintang regime although tariff rates have been changed, i.e., higher rates are charged on important luxuries and lower rates on supplies needed in important industries. Exports are classified into three categories:

CLASSIFICATION CONFIDENTIAL

| SCHOOL SECTION | | | | | | | | | |
|----------------|-------------------------------------|------|-------------------------------------|------|--------------|--|--|--|--|
| STATE | <input checked="" type="checkbox"/> | NAVY | <input checked="" type="checkbox"/> | NSRB | DISTRIBUTION | | | | |
| AIR | <input checked="" type="checkbox"/> | AIR | <input checked="" type="checkbox"/> | FBI | | | | | |

Document No. 9
No Change in Class. ☒
☐ Reclassified
Date Changed To: 73 3 8
Reason for Change
A-RDP82-00457R007600380009-2
100-445187-1

CONFIDENTIAL

CENTRAL INTELLIGENCE AGENCY

- 2 -

25X1

- a. Controlled Exports. These are exempt from customs duties.
- b. Exports by Special Permission. These are handled by private business and are exempt from customs duties with the exception of bristles, on which a 30 percent tariff is charged.
- c. Other commodities not listed above may be exported under ordinary export license and the customs duties thereon are levied according to the Export Customs Duties Regulations of 1934 (as revised September 1949). However, a decree of 28 June 1949 exempts all duties on exports.

5. Import and Export Trade. Before foreign exchange was frozen, all important commodities not produced in China were imported by government import trade agencies, but after foreign exchange was frozen, a large portion of these have been left for private importers to handle. The commodities include transportation and telecommunication supplies, gasoline, kerosene, lubricating oil, supplies required for reconstruction purposes, machinery, scientific instruments, clinical instruments, and medical supplies. At present most of these items are smuggled into China from [redacted] firms within China who handle imports from Europe, e.g., Belgium and West Germany, and South America. The government agency in charge of import-export policy is the Central People's Government Trade Administration. The China Supplies Company deals with the sale of imported commodities, and the China Trust Company is responsible for arranging orders and making introductions.** The Government has not yet placed restrictions on persons engaged in importing and exporting but restrictions already placed on foreign exchange and the freezing of foreign exchange have made it very difficult for most importers and exporters.

25X1

6. Salary Scale. The salary of an ordinary apprentice administrative employee is 200 catties of millet per month. A regular employee receives 300-600 catties of millet, which is sufficient only to maintain a minimum standard of living for two persons. As a result the average public employee is quite perturbed. The salary of school teachers also begins at 300 catties of millet but university professors receive much more and are the highest paid of the salaried class. Their maximum salary is 1200 catties of millet. Workmen in government factories are the best paid. An ordinary worker receives 400-500 catties of millet each month; a foreman receives as much as 600-700 catties; and a technician may receive over 1000 catties.
7. Commodity Prices. Actual market prices are practically identical with those quoted in the local newspapers with the exception of the price of flour which increased a little about three months ago. The price of other commodities has remained quite stable.
8. Purchasing Power. The purchasing power of the public in general has been steadily declining and no market exists for commodities other than daily necessities. Business has been very dull. In the past two years the Soviet personnel have purchased large quantities of goods, including furs, European dresses and cameras, but their buying rush has stopped since the spring. The Russians are very particular about bargaining over prices and are not as generous as the Americans. They usually buy consumers' goods. Clothing and furs compose their largest purchases, with cosmetics coming next. Very few of the Russians buy curios and art objects.

CONFIDENTIAL

CRITICAL INTELLIGENCE AGENCY

332

25X1

- 25X1

25X1

25X1

CONFIDENTIAL